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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #40

2006

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**Report Highlights:**

\*Rice procurement headed for new high\*, \*Agriculture Ministry seeks sharp hike in wheat support price\*, \*Ministry rules out additional wheat imports\*, \*Essential Commodities Act invoked in Delhi\*, \*Government to allow sugar exports\*, \*Government extends custom duty on palm oil till December 31\*, \*Delhi University to conduct field trails of transgenic mustard\*.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
New Delhi [IN1]  
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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### **RICE PROCUREMENT HEADED FOR NEW HIGH**

The marketing year for rice (October-September) has started off well with the government procuring 5.5 million tons of rice through October 19, compared with 4.2 million tons procured during the corresponding period of the previous marketing year. If the current trend holds, total procurement for the marketing year would surpass the 2005/06 marketing year procurement of 28 million tons. "The harvesting has been brisk this time because farmers want to vacate their paddy fields to sow maximum possible wheat keeping in view the good price realization," officials said. (Business Line, 10/21/06)

### **AGRICULTURE MINISTRY SEEKS SHARP HIKE IN WHEAT SUPPORT PRICE**

The Indian Cabinet is expected to discuss the Agriculture Ministry's proposal to effect an unprecedented Rs. 100 per 100 kg (\$22 per ton) hike in the support price of wheat, over and above the Rs. 50 per 100 kilogram (\$11 per ton) bonus. If the proposal goes through the Cabinet, wheat farmers would be entitled to an effective procurement price of Rs. 8,000 (\$177) per ton for this year's crop. The proposed Rs. 150 per 100 kg (\$33 per ton) hike would be the highest ever in history; the previous maximum increase was Rs. 95 per 100 kg in 1996/97. (Business Line, 10/27/06)

### **MINISTRY RULES OUT ADDITIONAL WHEAT IMPORTS**

The government has no plans to issue new wheat import tenders and is confident that it can build stocks of 4.0 million tons by April 1, 2007, which is the desired minimum buffer stock level, through already contracted imports. Food Secretary to the government said he would like to see wheat spot prices fall but it is not happening despite government efforts. Current wheat prices in Delhi are around Rs. 10,200 (\$225) per ton. About 2 million tons of the contracted 5.5 million tons of wheat have so far arrived at Indian ports. (Business Standard, 10/27/06)

### **ESSENTIAL COMMODITIES ACT INVOKED IN DELHI**

The Delhi government has invoked the Essential Commodities Act to check hoarding of essential food items in view of the spurt in prices of wheat and pulses. Exercising its power conferred under Section 3 of the Essential Commodities Act, the state government has revived the Delhi Wheat (Licensing and Control) Order 1996 and the Delhi Pulse (Licensing of Dealers) Order 1974, which were rescinded in 2002 and 2004 respectively. As per the new Order, dealers, retailers, manufacturers, and wholesalers of all kinds of pulses and wheat having a certain minimum stocks of these commodities have been directed to apply for a license and maintain stocks limits as mandated. Those flouting the rules would be penalized. (Business Line, 10/21/06)

*Post Comment:* Many other states have also imposed similar stocks limit on wheat and pulses to check the price rise.

**GOVERNMENT TO ALLOW SUGAR EXPORTS**

The government will soon lift the ban on sugar exports as major festival demand is over and domestic prices have not shown any upward spiral, according to a senior government official. "We will initially allow only one million tons of exports. The decision to allow more exports will be taken once the output of the current season is known," he said. India had banned sugar exports on June 22, 2006, to keep supplies and prices in the country under check. Government expects MY 2006/06 (Oct-Sep) sugar production to reach a record 22.7 million tons compared with 19.3 million tons in MY 2005/06 and the previous record of 22.1 million tons in MY 2002/03. (Business Standard, 10/24/06)

**GOVT EXTENDS CUSTOM DUTY CUT ON PALM OIL TILL DEC 31**

The Ministry of Finance has further extended the 10 percent duty cut on palm group of oils till December 31, 2006. The effective duty thus remains at 70 percent on crude palm oil, crude palmolein and other varieties of crude palm oil and 80 percent for refined bleached deodorized palm oil, palmolein and other refined palm oils. (Source: Economic Times, 10/17/06)

**DELHI UNIVERSITY TO CONDUCT FIELD TRIALS OF TRANSGENIC MUSTARD**

The Supreme Court has permitted Delhi University to conduct limited field trials of its transgenic mustard. However, the Court's last month's interim verdict to stop further field trials of GM crops till further orders, is still in effect. The biotech mustard trials have been permitted as an exceptional case in an area of 200 square meters subject to the implementation of biosafety norms. Delhi University had requested that if the mustard trials are not allowed for this season then they will have to wait till next year's winter season. (Source: The Financial Express, 10/14/06)

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